



## PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (June 2004)**

(Implements RCW 34.05.310)  
Do NOT use for expedited rule making

**Agency:** Department of Revenue

**Subject of possible rule making:** WAC 458-20-257 (Warranties and Maintenance Agreements)

**Statutes authorizing the agency to adopt rules on this subject:** RCW 82.32.300 and RCW 82.01.060(2)

**Reasons why rules on this subject may be needed and what they might accomplish:** WAC 458-20-257 (Rule 257) explains the business and occupation (B&O), retail sales, and use tax reporting responsibilities of persons selling warranties or maintenance agreements. Chapter 514, Laws of 2005, Sections 101 through 112 changed, effective July 1, 2005, the definition of a retail sale to include sales of extended warranties. The result is that retail sales tax applies when an extended warranty is sold to a consumer. The income received from these sales was previously subject to the service and other activities B&O tax.

The Department previously amended Rule 257 on an emergency basis to recognize these provisions of chapter 514. The Department is engaging in this rule making to amend the current permanent rule to reflect this law change. The Department also anticipates revising and reorganizing the rule to provide the information in a more useful manner.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None

**Process for developing new rule (check all that apply):**

- ☐ Negotiated rule making  
☐ Pilot rule making  
☐ Agency study  
☒ Other: Parties interested in this rule making may contact the individual listed below.

The public may also participate by providing written comments throughout this rule making or giving oral testimony at the public meeting or public hearing.

**How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:**

Written comments may be submitted by mail, fax, or at the public meeting. Oral comments will be accepted at the public meeting. A preliminary draft of possible rule changes is available for viewing and printing on the Department's web site at <http://dor.wa.gov/content/laws/RuleMaking/default.aspx>. Written comments may be directed to: Chris Coffman, Interpretations and Technical Advice Unit, P. O. Box 47453, Olympia, WA 98504-7453; e-mail: [ChrisC@dor.wa.gov](mailto:ChrisC@dor.wa.gov); phone: (360) 570-6150; FAX (360) 586-5543.

**Public meeting location:**

Capitol Plaza Building  
L&P Large Conference Room  
4<sup>th</sup> Floor  
1025 Union Avenue SE  
Olympia, Washington

**Date:** November 29, 2005 **Time:** 1:00 p.m.

**Date**

**Name (type or print)**

Alan R. Lynn

**Signature**

**Title**

Rules Coordinator

**CODE REVISER USE ONLY**

**Filed: October 17, 2005**

**Time: 3:39 p.m.**

**WSR: 05-21-081**

**The above information was input by DOR.**